

NINETEENTH ANNUAL REPORT

BOARD OF DIRECTORS OF THE PENNSYLVANIA RAILROAD COMPANY
TO THE STOCKHOLDERS.OFFICE OF THE PENNSYLVANIA RAILROAD CO.,
PHILADELPHIA, February 17, 1866.To the Stockholders of the
Pennsylvania Railroad Company:

The following statement exhibits the Earnings and Expenses, during 1865, of the Railways and Canals owned and leased by the Pennsylvania Railroad Company.

The Treasurer's account annexed to this Report shows the financial condition of the Company.

PENNYSYLVANIA RAILROAD

AND BRANCHES WORKED BY IT, EXCEPT THE
PHILADELPHIA AND ERIE RAILROAD.

EARNINGS.

From Passengers,	\$4,054,872 00
From Freight,	1,183,291 81
From United States Troops,	84,174,192 87
From Expresses under Contract,	113,410 00
From Express Freight,	370,313 88
From General Freight,	452,723 85
From Miscellaneous Expenses,	245,712 25
Total earnings,	\$17,459,169 49

EXPENSES.

For Ordinary Expenses,	\$3,490,847 07
For Erection of the Car Shop and Freight Stations, and extension of existing Buildings,	245,439 02
Total expenses,	\$3,736,286 09

Maintenance of Road.

For Ordinary Repairs and Renewals, including 11 new Engines, 141 charged to the Company's account to meet depreciation, &c.; also, erection of the Machine Shop and Engine House at West Philadelphia,	3,068,307 76
For Additional Road and Shop Machinery, chiefly outfit of Philadelphia and Erie Railroad,	111,394 61
For additional Locomotives purchased for Philadelphia and Erie Railroad, and other Railroads,	1,434,561 03
Total maintenance of Road,	\$4,614,263 40

Maintenance of Cars.

For Ordinary Repairs and Renewals, including the erection of the Car Shops at West Philadelphia,	\$1,330,467 52
For additional Freight Cars,	146,403 56
For additional Passenger Cars,	180,754 31
Total maintenance of Cars,	\$1,657,625 39

Maintenance of Road.

For ordinary repairs of Roadway, and renewals of Structures,	2,025,520 35
For additional second track and sidings,	260,575 97
Total maintenance of Roadway, and renewals of Structures,	\$2,286,096 32
General Expenses,	106,137 21
Total expenditures connected with the business of the Pennsylvania Railroad Company, including addition to the facilities for transportation on its own line, and that of the Railroads it operates,	\$13,270,058 54

RECAPITULATION.

Gross earnings,	\$17,459,169 49
Total ordinary expenses,	\$10,851,930 04
Total extraordinary expenses, consisting of additional second track and sidings, additional Locomotives, Cars, &c.,	2,988,128 50
Leaving a balance of,	\$4,169,110 95

The gross revenue of the line for 1865 is equal to

\$4,765 62 per mile of main line, (338 miles) and exceeds in the aggregate that of 1864, \$2,706,111 83.

This increase is \$33,207 73 upon Passengers and Freight, \$2,000 20 upon United States Troops, and \$231,506 02 upon ordinary and \$128,312 73 on Express Freight; \$767,072 20 upon United States Troops; and upon Miscellaneous Receipts \$121,561 41.

The whole number of Passengers carried over the road during the year was 2,961,836, and the average distance traveled by each Passenger, 71 5-10th miles.

The number of tons of Freight moved (including 243,104 tons of Fuel, and other materials transported for the Company), was 2,795,810, embracing 1,474,737 tons of Coal. The decrease in the Coal traffic is 12,022 tons, and the whole tonnage of the road exceeds that of last year 33,331 tons.

The ordinary expenditures for working and maintaining the Company's roads were \$10,851,930 04, which is equal to 82 30-100ths per cent. of their revenues, or, including the expenditures for construction done on its own line, and that of the Philadelphia and Erie and other Railroads, 76 6-100ths per cent.

The earnings of the Company's Canals were:

From Susquehanna Division,	\$1,918 93
From Juniata Division,	21,120 42
From Western Division, (now abandoned),	105 69
From Miscellaneous Sources,	17,711 54
Total Earnings,	\$19,059 58

Against \$308,615 23 in 1864.

The cost of maintaining, enlarging and operating the Canals was:

For Susquehanna Division,	\$153,779 36
For Juniata Division,	67,268 69
For Western Division,	8,795 40
Total,	\$229,843 51

Showing a loss during 1865 of \$98,938 13. This loss is wholly due to an extraordinary freshet that occurred in May of the year, which destroyed the locks of the North and West Branches of the Susquehanna, causing a rise in the main river at Harrisburg, three feet above any previous flood upon record, destroying navigation upon the only profitable portion of the Company's Canal until July.

This Company has owned the Pennsylvania Canals since August, 1857, during which time they have yielded revenue amounting to \$1,892,826 72, and have cost for repairs and renewals \$1,898,308 72, showing a small loss in operating them up to the last time. Included in these expenditures is, however, the cost of enlarging the Susquehanna Division, and rebuilding the structures upon the whole line, nearly all of which had been suffered to fall into decay by the original owner of these works.

It is proposed to continue the enlargement of the Canal as far west as Huntingdon, to meet the demands of the coal traffic from the Broad Top and Allegheny coal fields, as far as it can be done without trespassing upon the net revenues of the Railroad. This object could be effected at an earlier date by the organization of a separate company for these works, and raising by a mortgage upon them the amount necessary for this enlargement. The Canal when so enlarged will be of increased importance in the development of the mineral resources of the interior, affording, as it will, the capacity for the passage of boats of double the present tonnage, with comparatively slight increase in the cost of moving it to the transporter. As the bituminous coal fields of Pennsylvania are about twice the distance from water at Philadelphia than the anthracite coal fields of Schuylkill county are, this Company has felt the importance of thus affording a cheaper water transportation of the former article to this market.

The earnings of the Philadelphia and Erie Railroad in 1865 were:

From Passengers,	\$835,030 21
From Freight,	1,945,121 46
From Express matter,	1,065,925 31
From Mail,	19,085 61
Miscellaneous sources,	\$1,201 02
Total earnings,	\$2,907,144 62

The operating expenses during the same period were:

For Conducting Transportation,	\$607,517 74
For Motive Power,	208,648 89
Maintenance of Way,	827,050 09
Maintenance of Cars,	16,835 50
Total,	\$1,740,052 22

For 30 per cent. due on lease to meet interest on bonds, taxes, &c.,

\$26,708 00

Showing a loss in operating the line, (including 30 per cent. of receipts to pay interest on the debt of the Philadelphia and Erie Railroad Company) and taxes, of

\$276,419 49

This loss is largely due to the March freshet in the Susquehanna, already referred to as so destructive to the Canals, but still more disastrously felt throughout the line of the Philadelphia and Erie Railroad. Five spans of superstructure of the Bridge at Williamsport, and one at Manly, over the West Branch of this stream, were swept away by the force of the County and Toll Bridges driven against them by a rapid current. The whole line of Road from Scranton to Erie presented innumerable evidences of the destructive effects of this flood—piers of bridges were undermined and destroyed—culverts swept out—banks broken, and the slopes of excavations and embankments badly washed.

The effects of this extraordinary flood in the streams followed or crossed by the Road, have shown that the changes made in its profile during the construction of its unfinished portions were judicious and that the location of the line is now such as to render it safe from serious disaster hereafter from a similar rise of waters. Most of the injury sustained was from insecure foundations to piers of bridges, insufficient drainage, too narrow and low culverts, and the consequent water generally, except to the superstructure of bridges, all of which would have passed unharmed but for the force with which other bridges were driven against them.

From a very natural desire to see this work in operation—which has been so many years in progress—the Directors of the Philadelphia and Erie Railroad Company opened the middle division of their line long before it was in a condition for effective service, and at the beginning of a winter of unusual severity, when the weather was cold and unpropitious, and the work was conducted through a wilderness, unprovided with accommodations for labor, and with an undisciplined force at a very heavy increased cost to the Company. These difficulties, added to the increased cost of maintaining a line unfinished in all its details, and the disastrous flood which followed the breaking up of winter, has resulted in the loss above stated, nearly all of which is properly chargeable to construction account.

The whole revenue of the Pennsylvania Railroad Company, from its several lines, is as follows, viz:

From the Pennsylvania Railroad and branches,	\$17,459,169 49
From the Pennsylvania Canals,	19,059 58
Philadelphia and Erie Railroad,	2,907,144 62
Total,	\$20,475,373 69

And expenses of operating these lines, viz:

Pennsylvania Railroad, ordinary,	\$10,851,930 04
Pennsylvania Railroad, extraordinary,	2,988,128 50
Pennsylvania Canal,	276,843 51
Philadelphia and Erie Railroad,	1,746,061 28
Thirty per cent. reserved to pay interest on debt of P. & E. R. Co.,	598,708 00
Balance,	\$3,191,651 33

The payments made during the year to the shareholders of the two divisions of the Company, in the form of annual dividends of 5 per cent. each, the balance of interest and

This includes \$22,148 49 expended on cars in use on the Philadelphia and Erie Railroad.

In addition to the amount \$248 49 expended by the Pennsylvania Railroad Company for repairs to the cars in use on the Philadelphia and Erie Railroad, the Company has expended \$1,434,561 03 for additional Locomotives, Cars, &c., and \$1,330,467 52 for additional Freight Cars, and \$180,754 31 for additional Passenger Cars.

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